

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-07 CIAE-00 INR-07 NSAE-00

COME-00 /037 W

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R 101824Z JUN 75

FM AMEMBASSY LONDON

TO AMEMBASSY CAIRO

INFO SECSTATE WASHDC 1842

AMEMBASSY BEIRUT

AMEMBASSY THE HAGUE

AMEMBASSY PARIS

AMEMBASSY ROME

LIMITED OFFICIAL USE LONDON 08822

E.O. 11652: N/A

TAGS: EWWT, EG

SUBJ: SUEZ CANAL: INSURANCE RATES

REF: CAIRO 5683

1. BEGIN UNCLASSIFIED: A LEADING LONDON INSURANCE BROKER SPECIALIZING IN WAR RISK INSURANCE ADVISES THAT THE HULL INSURANCE ADDITIONAL PREMIUM FOR DAMAGE TO HULL DUE TO WAR RISKS IS 0.1PERCENT, REPEAT 0.1 PERCENT. THE ADDITIONAL PREMIUM FOR RISK OF SEIZURE,CONFISCATION, TRAPPING, ETC. IS 0.125 PERCENT, REPEAT 0.125 PERCENT. HE ALSO ADVISES THAT SOME UNDERWRITERS MAY VARY FROM THESE RATES BUT NOT SUBSTANTIALLY. HE EXPECTS THAT THESE RATES ARE NOW AT THEIR PEAK AND IF ALL GOES WELL THEY WILL DECLINE. THE ADDITIONALS ARE ACROSS THE BOARD IRRESPECTIVE OF DRAFT OF VESSEL. END UNCLASSIFIED

2. BEGIN LOU: COMMENT: IT IS STRANGE THERE IS CONFUSION ON THE CARGO WAR RISK SURCHARGE SINCE IT WAS WIDELY ANNOUNCED THAT THIS SURCHARGE WOULD BE 0.250 PERCENT. THEN, FOLLOWING THE ANGRY REACTION CITED REFTTEL, THE UNDERWRITERS CUT THE RATE BY 50 PERCENT TO THE EXISTING LIMITED OFFICIAL USE

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0.125 PERCENT ON JUNE 3. THE NEWS OF THIS LATTER CUT WAS

WIDELY REPORTED IN THE TRADE PRESS AND SHOULD HAVE BEEN
KNOWN BY SCA CHAIRMAN MASHHOUR SINCE WE ARE ADVISED HE
MET WITH HAVELOCK HUDSON, CHAIRMAN OF LLOYDS, ROY MERRETT
A LEADING UNDERWRITER, E.D. RAINBOW, CHAIRMAN OF THE
INSTITUTE OF LONDON UNDERWRITERS AMONG OTHERS WHO WERE IN
PORT SAID FOR THE CANAL OPENING. ACCORDING TO SENIOR
OFFICIALS OF A NUMBER OF GENERAL CARGO AND DRYBULK SHIP
OWNERS, THEY ARE UNANIMOUS IN THEIR "WAIT AND SEE"
ATTITUDE. THERE IS OVERTONNAGING IN MOST OF THE TRADES
AND THEY ARE NOT ANXIOUS TO TAKE ON ADDITIONAL RISKS AND
PREMIUM CHARGES WHEN THE RESULT WILL MERELY ADD TO THE
OVER TONNAGE SITUATION. NEVERTHELESS, THERE MAY BE PRES-
SURE FROM SHIPPERS WHO ARE STILL PAYING SUEZ SURCHARGES
ON THEIR FREIGHT RATE TO FORCE SHIPOWNERS TO USE THE
SUEZ CANAL OR REMOVE THE SURCHARGE. END COMMENT.
END LOU.

RICHARDSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, CARGO SHIPS, SUEZ CANAL
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON08822
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750202-0642
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750665/aaaachgw.tel
Line Count: 79
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 CAIRO 5683
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2003 by MartinML>; APPROVED <22 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUEZ CANAL: INSURANCE RATES
TAGS: EWWT, EG
To: CAIRO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006